

HB 393 Sponsor Hoven

I. Corrects a longstanding inequity in Montana Income Tax Code. Couples with the same taxable income are taxed unequally.

	Spouse A	Spouse B	Spouse A	Spouse B	Spouse A	Spouse B	Spouse A	Spouse B
Taxable Income	0	35,000	6000	29,000	12,000	23,000	17,500	17,500
Tax Current Law	0	1893	105	1479	353	1065	685.50	685.50
Household Tax	1893		1584		1418		1371	
Tax HB 393	1371		1371		1371		1371	
Difference	\$522		\$213		\$47		\$0	

II. Tax preparation simplification. The most difficult part of filing MT Income Tax is making allocations to each spouse of family income and deductions from the Federal Form. With HB 393 all taxpayers know there is no benefit to filing singly on the same form. Numbers can be taken directly off the Federal Form and applied directly to Montana's return. There will be fewer mistakes, DOR will save money, and taxpayers will pay less for tax preparation.

III. Promotes marriage. Two people living together with unequal incomes will pay less tax if they get married.